

South Carolina General Assembly

121st Session, 2015-2016

H. 3836

A BILL

TO AMEND SECTION 12-28-110 [§](#), CODE OF LAWS OF SOUTH CAROLINA, RELATING TO DEFINITIONS PERTAINING TO MOTOR FUELS, SO AS TO AMEND CERTAIN DEFINITIONS AND TO ADD DEFINITIONS; BY ADDING SECTION 12-28-120 SO AS TO SPECIFY THE MANNER IN WHICH COMPRESSED NATURAL GAS AND LIQUEFIED NATURAL GAS MUST BE DISPENSED; TO AMEND SECTION 12-28-2380 [§](#), RELATING TO FUELS TO WHICH CERTAIN FEES ARE IMPOSED, SO AS TO PROVIDE THAT ALTERNATIVE FUEL IS NOT SUBJECT TO THE ENVIRONMENTAL IMPACT FEE; TO AMEND SECTION 56-5-4160 [§](#), AS AMENDED, RELATING TO VEHICLE WEIGHTS AND LOADS, SO AS TO PROVIDE ADDITIONAL WEIGHT ALLOWANCES FOR MOTOR VEHICLES FUELED BY NATURAL GAS; TO AMEND SECTION 12-37-2820 [§](#), RELATING TO THE ASSESSMENT OF MOTOR VEHICLES, SO AS TO CLARIFY A DEFINITION AS IT RELATES TO MOTOR VEHICLES FUELED BY NATURAL GAS OR PROPANE; BY ADDING SECTION 12-6-3695 SO AS TO ALLOW AN INCOME TAX CREDIT TO A TAXPAYER WHO PURCHASES OR CONSTRUCTS AND INSTALLS AND PLACES IN SERVICE IN THIS STATE ELIGIBLE PROPERTY THAT IS USED FOR DISTRIBUTION, DISPENSING, OR STORING ALTERNATIVE FUEL AT A NEW OR EXISTING FUEL DISTRIBUTION OR DISPENSING FACILITY, AND TO SPECIFY THE AMOUNT OF THE CREDIT AND THE REQUIREMENTS OF THE CREDIT; AND BY ADDING SECTION 12-6-3697, SO AS TO ALLOW FOR AN INCOME TAX CREDIT FOR THE INCREMENTAL COSTS OR CONVERSION COSTS OF THE AMOUNT EXPENDED TO PURCHASE OR CONVERT AN ALTERNATIVE FUEL HEAVY-DUTY VEHICLE, ALTERNATIVE FUEL VEHICLE, AND A BI-FUEL ALTERNATIVE FUEL VEHICLE, AND TO SPECIFY THE AMOUNT OF THE CREDITS AND THE REQUIREMENTS OF THE CREDIT.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 12-28-110 [§](#)(1), (39) and (55) of the 1976 Code is amended to read:

"(1) 'Alternative fuel' means a liquefied petroleum gas, [liquefied natural gas](#), compressed natural gas product, or a combination of liquefied petroleum gas and a compressed natural gas product used in an internal combustion engine or motor to propel any form of vehicle, machine, or mechanical contrivance. It includes all forms of fuel commonly or commercially known or sold as butane, propane, [liquefied natural gas](#), or compressed natural gas.

(39) 'Motor fuel' means gasoline, diesel fuel, substitute fuel, renewable fuel, [alternative fuel](#) and blended fuel.

(55) 'Motor fuel subject to the user fee' means gasoline, diesel fuel, kerosene, blended fuel, substitute fuel, [alternative fuel](#) and blends of them and any other substance blended with them."

SECTION 2. Section 12-28-110 [§](#) of the 1976 Code is amended by adding appropriately numbered items to read:

"() 'Compressed natural gas' or 'CNG' means a clear, odorless, and noncorrosive natural gas that is compressed to a pressure of a least three thousand pounds a square inch, and is advertised, offered for sale, sold, suitable for use, or used as a motor fuel.

() 'Liquefied natural gas' or 'LNG' means natural gas that has been cooled to a liquid state and is advertised, offered for sale, sold, suitable for use, or used as a motor fuel."

SECTION 3. Article 1, Chapter 28, Title 12 of the 1976 Code is amended by adding:

"Section 12-28-120. (A) For purposes of this chapter, unless the context requires otherwise:


(1) 'Diesel gallon equivalent' or 'DGE' means the amount of compressed natural gas or liquefied natural gas containing the same energy content as one gallon of diesel.

(2) 'Gasoline gallon equivalent' or 'GGE' means the amount of compressed natural gas or liquefied natural gas containing the same energy content as one gallon of gasoline.


(B) Compressed natural gas and liquefied natural gas used as a motor fuel must be dispensed in units as follows:

(1) Compressed natural gas must be dispensed in GGE units or DGE units. A GGE of compressed natural gas must be set initially at 5.660 pounds or A DGE of compressed natural gas must be set at 6.380 pounds.


(2) Liquefied natural gas must be dispensed in DGE units. A DGE of liquefied natural gas must be set initially at 6.06 pounds."

SECTION 4. Section 12-28-2380  of the 1976 Code is amended to read:

"Section 12-28-2380. All motor fuels placed into motor vehicles for use in their operation or for the operation of their parts or attachments are subject to the fees provided in this article. This section does not apply to a seller-user of liquefied petroleum gas. Alternative fuel is not subject to the fee imposed by Section 12-28-2355(B)."

SECTION 5. Section 56-5-4160  of the 1976 Code, as last amended by Act 234 of 2008, is further amended by adding an appropriately lettered subsection to read:

"() Notwithstanding any other provision of this section, a motor vehicle that is fueled, wholly or partially, by natural gas must be allowed up to an additional two thousand pounds total in gross, single axle, tandem axle, or bridge formula weight limits. To be eligible for this exception, the operator of the vehicle must be able to demonstrate that the vehicle is a natural gas vehicle, a bi-fuel vehicle using natural gas, or a vehicle that has been converted to a natural gas vehicle. The allowance may not authorize any extension of the limitations provided on federal Interstate highways in this State, unless the limitations or exceptions are authorized by the federal government."

SECTION 6. Section 12-37-2820  (B) of the 1976 Code is amended to read:

"(B) 'Gross capitalized cost', as used in this section, means the original cost upon acquisition for income tax purposes, not to include taxes, interest, or cab customizing, except for a motor vehicle which is fueled wholly or partially by natural gas or propane, the gross capitalized cost is reduced by a dollar amount of thirty percent in order to equalize the valuation basis with a comparable diesel or gasoline powered vehicle."

SECTION 7. Article 25, Chapter 6, Title 12 of the 1976 Code is amended by adding:

"Section 12-6-3695. (A)(1) A taxpayer who purchases or constructs and installs and places in service in this State eligible property that is used for distribution, dispensing, or storing alternative fuel specified in this subsection, at a new or existing fuel distribution or dispensing facility, is allowed an income tax credit equal to twenty five percent of the cost to the taxpayer of purchasing, constructing, and installing the eligible property.

(2) The entire credit may not be taken in the taxable year in which the property is placed in service, but must be taken in three equal annual installments beginning with the taxable year in which the property is placed in service. If, in one of the years in which the installment of a credit accrues, property directly and exclusively used for distributing, dispensing, or storing alternative fuel is disposed of or taken out of service and is not replaced, the credit expires and the taxpayer may not claim any remaining installment of the credit.

(3) The unused portion of an unexpired credit may be carried forward for not more than ten succeeding taxable years.

(4) The taxpayer may transfer any applicable credit associated with this section. To the extent that the taxpayer transfers the credit, the taxpayer must notify the department of the transfer in the manner the department prescribes.

(5) A taxpayer who claims any other credit allowed pursuant to this article with respect to the costs of constructing and installing a facility may not take the credit allowed in this section with respect to the same costs.

(B) The Department of Revenue may require documentation that it considers necessary to administer the credit.

(C) To claim the credits allowed in this section, the taxpayer must place the property or facility in service before January 1, 2025.

(D) For purposes of this section:

(1) 'Eligible property' includes pumps, compressors, storage tanks, and related equipment that is directly and exclusively used for distribution, dispensing, or storing alternative fuel. The equipment used to store, distribute, or dispense alternative fuel must be labeled for this purpose and clearly identified as associated with alternative fuel.

(2) 'Alternative fuel' means compressed natural gas, liquefied natural gas, or liquefied petroleum gas, dispensed for use in motor vehicles and compressed natural gas, liquefied natural gas, or liquefied petroleum gas, dispensed by a distributor or facility.

(3) 'Taxpayer' means any individual, firm, partnership, limited liability company, association, corporation, receiver, trustee, fiduciary, or any other group or combination acting as a unit. Also, the word 'taxpayer' includes the State or any agency or instrumentality, authority, or political subdivision, including municipalities."

SECTION 8. Article 25, Chapter 6, Title 12 of the 1976 Code is amended by adding:

"Section 12-6-3697. (A) For purposes of this section:

(1) 'Alternative fuel' means liquid petroleum gas, liquid natural gas, or compressed natural gas fuel.

(2) 'Alternative fuel heavy-duty vehicle' means a new or converted commercial vehicle, with a gross vehicle weight rating equal to or more than 26,001 pounds, which is primarily fueled by an alternative fuel. As used in this paragraph, 'primarily fueled by an alternative fuel' means a vehicle that is produced by an original equipment manufacturer or converted by a third party equipment manufacturer and operates on ninety percent or more alternative fuel and on ten percent or less gasoline or diesel fuel.

(3) 'Alternative fuel vehicle' means a new or converted commercial vehicle, with a gross vehicle weight ratio less than 26,001 pounds, that is fueled solely by an alternative fuel and that is produced by an original equipment manufacturer or converted by a third party equipment manufacturer.

(4) 'Bi-fuel alternative fuel vehicle' means a new or converted commercial vehicle with a gross vehicle weight ratio less than 26,0001 pounds, that has two separate fuel systems, one of which is fueled by an alternative fuel and the other by conventional gasoline and that is produced by an original equipment manufacturer or a third party equipment manufacturer.

(5) 'Conversion cost' means the cost that results from modifying a motor vehicle which is propelled by gasoline or diesel to be propelled by an alternative fuel. In the case of a bi-fuel alternative fuel vehicle, the cost that results from modifying a motor vehicle to be partially propelled by an alternative fuel.

(6) 'Commercial vehicle' means any vehicle used for commercial or business purposes.

(7) 'Incremental cost' means the cost that results from subtracting the manufacturer's list price of the motor vehicle operating on conventional gasoline or diesel fuel from the manufacturer's list price of the same model motor vehicle designed to operate on an alternative fuel.

(8) 'Taxpayer' means any individual, firm, partnership, limited liability company, association, corporation, receiver, trustee, fiduciary, or any other group or combination acting as a unit. Also, the word 'taxpayer' includes the State or any agency or instrumentality, authority, or political subdivision, including municipalities.

(B)(1) A taxpayer is allowed an income tax credit of fifty percent of the incremental costs or conversion costs of the amount expended to purchase or convert an alternative fuel heavy-duty vehicle. The credit may not exceed twelve thousand dollars for each vehicle.

(2) A taxpayer is allowed an income tax credit of fifty percent of the incremental costs or conversion costs of the amount expended to purchase or convert an alternative fuel vehicle. The credit may not exceed eight thousand dollars for each vehicle.

(3) A taxpayer is allowed an income tax credit of fifty percent of the incremental costs or conversion costs of the amount expended to purchase or convert a bi-fuel alternative fuel vehicle. The credit may not exceed six thousand dollars for each vehicle.

(C) The tax credit is nonrefundable but unused credits may be carried forward for ten years. The ten-year carry forward period must not be extended due to periods of noncompliance.

(D) The taxpayer may transfer any applicable credit associated with this section. To the extent that the taxpayer transfers the credit, the taxpayer must notify the department of the transfer in the manner the department prescribes.

(E) The department shall produce an appropriate form for the taxpayer to submit certifying the following:

(1) certification from the manufacturer that the vehicle is an alternative fuel heavy-duty vehicle, alternative fuel vehicle, or a bi-fuel alternative fuel vehicle or a third-party equipment manufacturer who possess a current and legal Certificate of Conformity from the Environmental Protection Agency's Office of Transportation and Air Quality specific to the qualified alternative fuel vehicle;

(2) a sworn affidavit from the taxpayer certifying that the vehicle is registered in this State and remains registered in South Carolina for no less than five years; and

(3) any other information requested by the department.

(F) The department may promulgate rules and regulations necessary to implement and administer the provisions of this section, including provisions for repayment of any credit in the event any of the certifications are or become untrue during the ten-year period following the date of application.

(G) The credit authorized by this section is allowed for purchases or conversions made after December 31, 2014, but before January 1, 2025."

SECTION 9. This act take effect upon approval by the Governor, with SECTION 6 applying to property tax years after 2014, and SECTIONS 7 and 8 applying for tax years after 2014.